



PACT RAD

Creating a Permanent Affordability Commitment *Together* Frequently Asked Questions (FAQs)

What is Permanent Affordability Commitment Together (PACT)?

PACT is a critical part of *NYCHA 2.0*, the Authority's long-term strategic plan to repair public housing to improve residents' quality of life. Under PACT, NYCHA seeks to identify resources and opportunities to make major improvements to developments, while preserving long-term affordability and maintaining strong resident rights. PACT includes portfolios under the federal Rental Assistance Demonstration (RAD) and NYCHA's Unfunded Units (also known as LLC II and PACT City/State Developments). PACT creates public-private partnerships to repair and manage the developments.

What are the goals of PACT?

- Raise money through new financing options for critically needed repairs
- Maintain long-term affordability for residents
- Protect resident rights
- Create public-private partnerships that retain NYCHA's oversight role

What is RAD?

RAD is an innovative HUD tool to preserve public housing and address capital needs (also called deferred maintenance). Under RAD, public housing authorities like NYCHA convert the funding source that supports a development from the public housing subsidy (under Section 9 of the U.S. Housing Act of 1937, as amended [the "Act"]) to assistance under Section 8 of the Act. This conversion puts the development on a more solid financial footing since Congress typically funds Section 8 at a higher percentage of need than Section 9. Furthermore, switching to Section 8 allows NYCHA to finance major critical repairs with non-governmental funds. NYCHA through the PACT Initiative is also converting public housing developments to Section 8 using Section 18 of the Act ("Section 18") and 2 CFR Part 200 ("Part 200"). In New York City, PACT is a collaboration between the Authority, NYCHA residents, development partners, and community and housing advocates. The tenant protections provided under RAD are extended to all development in a bundled RAD conversion (whether such public housing developments convert under RAD, Section 18 or Part 200 to Section 8) and prohibit the permanent involuntary displacement of residents as a result of the conversion. NYCHA will also require that the developer comply with the tenant protections under RAD through its lease of the land and the buildings to the developer (the "Lease Agreement"), a control agreement with the developer (the "Control Agreement"), and the developer's organizational documents of which a NYCHA entity is a part that provides NYCHA with certain approval rights over project operations, among other transaction documents.

According to HUD, here are five things you should know about RAD public housing conversions (source: <https://www.hud.gov/RAD>):

1. RAD allows public housing authorities to **leverage public and private debt and equity in order to reinvest in the public housing stock.**
2. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed. This ensures that the units remain **permanently affordable to low-income households.**
3. Residents continue to pay no more than 30% of their income towards rent and they **maintain the same basic rights** as they possess in the public housing program.



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4. **RAD maintains the public stewardship** of the converted property through clear rules on ongoing ownership and use.
5. The RAD program is **cost-neutral and does not increase HUD's budget**. This program simply shifts units from the Public Housing program to the Section 8 program so that providers may leverage the private capital markets to make capital improvements.

Is this privatization?

No, NYCHA will continue to own the land and buildings, and it will lease the building and improvements through the Lease Agreement. NYCHA will also remain actively involved in your development by administering the Section 8 program and through various contractual agreements with the developer, including the Lease, Section 8 HAP contracts, Control Agreement, regulatory agreements and the developer's organizational documents.

How will long-term affordability be guaranteed?

Households will not pay more than 30% of household income for rent, ensuring permanent affordability. This cap on the resident-paid portion of the rent is a requirement of Section 8 program, and NYCHA will impose this requirement on the developer through the Section 8 Housing Assistance Payments ("HAP") contracts through which the developer receives the rental subsidies from NYCHA. This cap is also a RAD tenant protection, which will be imposed on the developer through the Lease, the Control Agreement, and organizational documents.

What rights will residents have?

PACT residents have the same strong rights as residents in traditional public housing, including the right to a hearing to resolve any grievances along with succession rights.

What repairs will be made?

Repairs for each development will be based on that development's physical needs assessment and resident input. Repairs could include roof replacements, façade upgrades, new kitchens and bathrooms, renovated common spaces, upgraded lighting, enhanced security features, and improved outdoor areas.

How does this affect property management?

Post-conversion, a third-party property manager, which will be part of the development team, will operate the property instead of NYCHA.

What if the new property manager is not doing a good job?

NYCHA will have an ownership interest in the development and can change property managers if the management company fails to uphold their commitments.

Will residents still be part of NYCHA?

Yes, residents will be participants in NYCHA's Section 8 program.

How much rent will residents pay after the conversion?

Residents will pay no more than 30% of their adjusted gross income towards rent.

What if a resident earns too much to qualify for Section 8?

As noted, households will not pay more than 30% of household income for rent, ensuring permanent affordability.



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Are the Section 8 vouchers portable?

One year after the Section 8 conversion, a family, an income qualified family can move out of their unit with a "Choice Mobility" tenant-based voucher, subject to funding availability. The voucher program allows tenants to move anywhere in the United States where Section 8 vouchers are accepted.

How will new residents be chosen when there are vacancies?

Vacancies will be filled through a NYCHA Section 8 site-based wait list.

Will there be annual inspections?

Yes, units will be inspected according to the Section 8 Housing Quality Standards (HQS). If a unit passes inspection, it may be inspected every two years. If a unit fails inspection, it will be inspected every year. A resident can request an inspection of their unit at any time.

Will residents be forced to move under PACT-RAD?

No authorized residents will be required to move from these developments because of the PACT conversion. No relocation is planned. Residents converting to Section 8 under RAD will not be re-screened for program eligibility. Additionally, the rehabilitation work will occur with tenants-in-place in order to minimize disruption to residents' lives. Residents with medical conditions may be accommodated during the construction period.

Can residents opt out of PACT?

No. All residents in PACT developments, will remain in their development and convert to Section 8. Any resident who wishes to remain in the public housing program may request a transfer, but the transfer must be for a valid reason, such as that the apartment is uninhabitable due to fire or flood, the tenant has a special need due to a disability, or the apartment is under- or over-occupied. There are currently more than 203,000 families on NYCHA's public housing wait list and more than 8,000 families are awaiting a transfer. Vacancy within NYCHA's public housing developments is less than 1% and transfers are extremely difficult to fulfill.

What is the timeline for the PACT-RAD conversions?

NYCHA completed its first PACT-RAD conversion at **Ocean Bay (Bayside)** in Queens in 2016; the development partner for that conversion of 1,395 apartments is RDC Development, Catholic Charities, and Ocean Bay Community Development Corporation. NYCHA completed five additional PACT-RAD conversions in 2018 and 2019 as follows:

- **Twin Parks West:** 312 apartments in the Bronx; the development partner is Gilbane Development Company, Dantes Partners, Apex Building Group, and Kraus Management, Inc.
- **Betances Houses:** 1,088 apartments in the Bronx; the development partner is RDC Development and Catholic Charities.
- **Highbridge-Franklin:** 336 apartments in the Bronx; the development partner is Gilbane Development Company, Dantes Partners, Apex Building Group, and Kraus Management, Inc.
- **Hope Gardens:** 1,315 apartments in Brooklyn; the development partner is Pennrose and Acacia Network.

NYCHA is also in the pre-development process at **25 scattered-site developments in Brooklyn and Manhattan**, which are projected to close in late 2019 and/or early 2020.

- **PACT Brooklyn Bundle II:** 2,625 units in Brooklyn; the development partner is The Arker Companies, Omni New York LLC, Dabar Development Partners, and Bedford Stuyvesant Restoration Corporation.
- **PACT Manhattan Bundle I:** 1,718 units in Manhattan; the development partner is Monadnock Development LLC, Lemor Development Group, LLC, Kalel Holdings LLC, and The Community League of the Heights (CLOTH).



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How can I learn more about PACT?

Please attend resident meetings to engage directly with NYCHA and our development partners. For more info, please visit <http://on.nyc.gov/nycha-pact> or reach out at pact@nycha.nyc.gov or (212) 306-4036.